



CLAIRE C. McCASKILL
Missouri State Auditor

To the County Commission
and
Officeholders of Dade County, Missouri

The State Auditor's Office through the State Office of Administration, Division of Purchasing, contracted the audit services of Dade County, Missouri, for the two years ended December 31, 2002. A copy of this audit which was performed by McCullough, Officer & Company, L.L.C., Certified Public Accountants, is attached.

A handwritten signature in black ink, reading "Claire McCaskill", is positioned above the printed name and title.

Claire C. McCaskill
State Auditor

Report No. 2003-63
July 7, 2003

DADE COUNTY, MISSOURI

FINANCIAL STATEMENTS

FOR THE YEAR ENDED
DECEMBER 31, 2002 AND 2001

DADE COUNTY, MISSOURI

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DADE COUNTY, MISSOURI

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FINANCIAL SECTION

Independent Auditor's Reports

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS

To the County Commission
and
Officeholders of Dade County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Dade County, Missouri, as of and for the years ended December 31, 2002 and 2001, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Dade County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Dade County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Dade County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2002 and 2001, in conformity with the comprehensive basis of accounting discussed in Note 1,

which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated February 11, 2003, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

Original Signed by Auditor

February 11, 2003

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission
and
Officeholders of Dade County, Missouri

We have audited the special-purpose financial statements of various funds of Dade County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated February 11, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Dade County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Dade County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements

in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the management of Dade County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Original Signed by Auditor

February 11, 2003

Financial Statements

Exhibit A-1

DADE COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 377,143	605,542	631,975	350,710
Special Road and Bridge	298,003	1,460,431	1,479,210	279,224
Assessment	10,281	94,692	104,865	108
Law Enforcement	443	559,724	548,319	11,848
Law Enforcement Training	2,107	2,113	3,230	990
Prosecuting Attorney Bad Check	9,691	13,554	17,806	5,439
Prosecuting Attorney Training	396	260	400	256
Health Center	34,790	315,326	326,368	23,748
Recorder User Fees	8,976	6,711	432	15,255
Law Library	1,778	4,205	4,805	1,178
Circuit Clerk Interest	13,533	1,076	2,356	12,253
Prosecuting Attorney Delinquent Tax	2,178	36	-	2,214
Domestic Violence	160	191	-	351
CDBG	21	100,498	100,428	91
Total	\$ 759,500	3,164,359	3,220,194	703,665

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

DADE COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 366,467	564,306	553,630	377,143
Special Road and Bridge	197,805	869,061	768,863	298,003
Assessment	4,432	89,283	83,434	10,281
Law Enforcement	539	546,121	546,217	443
Law Enforcement Training	2,093	2,015	2,001	2,107
Prosecuting Attorney Bad Check	5,771	6,004	2,084	9,691
Prosecuting Attorney Training	1,396	359	1,359	396
Health Center	16,506	322,686	304,402	34,790
Recorder User Fees	16,064	6,911	13,999	8,976
Law Library	1,399	3,944	3,565	1,778
Circuit Clerk Interest	14,636	2,705	3,808	13,533
Prosecuting Attorney Delinquent Tax	1,937	241	-	2,178
Domestic Violence	201	275	316	160
CDBG	-	6,993	6,972	21
Total	\$ 629,246	2,420,904	2,290,650	759,500

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

DADE COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$ 2,314,801	3,035,715	720,914	2,243,258	2,391,457	148,199
DISBURSEMENTS	2,548,894	3,090,737	(541,843)	2,423,094	2,256,546	166,548
RECEIPTS OVER (UNDER) DISBURSEMENTS	(234,093)	(55,022)	179,071	(179,836)	134,911	314,747
CASH, JANUARY 1	720,660	720,660	0	585,749	585,749	0
CASH, DECEMBER 31	486,567	665,638	179,071	405,913	720,660	314,747
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	90,000	136,845	46,845	89,500	106,669	17,169
Sales taxes	250,000	258,095	8,095	206,000	254,988	48,988
Intergovernmental	140,800	53,491	(87,309)	62,457	67,040	4,583
Charges for services	85,100	101,834	16,734	85,100	84,223	(877)
Interest	2,000	14,053	12,053	23,600	24,924	1,324
Other	9,700	28,724	19,024	76,115	26,297	(49,818)
Transfers in	12,000	12,500	500	9,850	165	(9,685)
Total Receipts	589,600	605,542	15,942	552,622	564,306	11,684
DISBURSEMENTS						
County Commission	63,608	69,710	(6,102)	61,960	65,453	(3,493)
County Clerk	47,804	42,552	5,252	46,024	46,217	(193)
Elections	27,658	26,488	1,170	10,850	7,391	3,459
Buildings and grounds	207,762	127,632	80,130	196,819	43,496	153,323
Employee fringe benefits and insurance	47,942	32,887	15,055	38,775	23,253	15,522
County Treasurer & Collector	55,527	71,162	(15,635)	52,043	71,681	(19,638)
Ex Officio Recorder of Deeds	18,076	19,301	(1,225)	20,315	6,856	13,459
Associate Circuit (Probate)	25,590	14,049	11,541	27,714	25,136	2,578
Public Administrator	16,800	16,665	135	14,950	15,666	(716)
University Extension	26,000	26,000	0	28,503	28,503	0
LEPC	11,000	3,244	7,756	11,063	2,205	8,858
Other	44,625	60,942	(16,317)	20,625	44,726	(24,101)
Transfers out	120,000	113,287	6,713	164,000	165,000	(1,000)
Emergency Fund	15,258	8,056	7,202	16,380	8,047	8,333
Total Disbursements	727,650	631,975	95,675	710,021	553,630	156,391
RECEIPTS OVER (UNDER) DISBURSEMENTS	(138,050)	(26,433)	111,617	(157,399)	10,676	168,075
CASH, JANUARY 1	377,143	377,143	0	366,467	366,467	0
CASH, DECEMBER 31	239,093	350,710	111,617	209,068	377,143	168,075

Exhibit B

DADE COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	27,917	29,852	1,935	27,900	27,917	17
Intergovernmental	761,000	1,415,821	654,821	868,500	821,433	(47,067)
Interest	2,225	14,076	11,851	8,500	17,770	9,270
Other	1,700	682	(1,018)	3,500	1,941	(1,559)
Total Receipts	792,842	1,460,431	667,589	908,400	869,061	(39,339)
DISBURSEMENTS						
Salaries	6,219	4,956	1,263	8,000	7,599	401
Employee fringe benefits	475	26	449	612	26	586
Supplies	9,500	493	9,007	2,050	277	1,773
Insurance	1,080	577	503	0	591	(591)
Equipment purchases	7,500	0	7,500	11,743	0	11,743
Construction, repair, and maintenance	855,000	316,826	538,174	895,000	496,968	398,032
Distributions to townships & road districts	0	1,143,085	(1,143,085)	0	262,873	(262,873)
Other	1,000	747	253	1,000	529	471
Transfers out	11,000	12,500	(1,500)	10,000	0	10,000
Total Disbursements	891,774	1,479,210	(587,436)	928,405	768,863	159,542
RECEIPTS OVER (UNDER) DISBURSEMENTS	(98,932)	(18,779)	80,153	(20,005)	100,198	120,203
CASH, JANUARY 1	298,003	298,003	0	197,805	197,805	0
CASH, DECEMBER 31	199,071	279,224	80,153	177,800	298,003	120,203
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	89,185	85,083	(4,102)	74,050	86,470	12,420
Interest	0	0	0	1,500	1,430	(70)
Other	1,500	1,846	346	1,200	1,383	183
Transfers in	15,000	7,763	(7,237)	2,000	0	(2,000)
Total Receipts	105,685	94,692	(10,993)	78,750	89,283	10,533
DISBURSEMENTS						
Assessor	100,601	104,865	(4,264)	82,443	83,434	(991)
Total Disbursements	100,601	104,865	(4,264)	82,443	83,434	(991)
RECEIPTS OVER (UNDER) DISBURSEMENTS	5,084	(10,173)	(15,257)	(3,693)	5,849	9,542
CASH, JANUARY 1	10,281	10,281	0	4,432	4,432	0
CASH, DECEMBER 31	15,365	108	(15,257)	739	10,281	9,542

Exhibit B

DADE COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FU

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT FUND</u>						
RECEIPTS						
Sales taxes	210,000	218,843	8,843	206,000	219,981	13,981
Intergovernmental	87,300	65,419	(21,881)	46,000	116,454	70,454
Charges for services	114,750	141,169	26,419	33,000	20,558	(12,442)
Other	18,600	29,293	10,693	19,200	24,128	4,928
Transfers in	105,000	105,000	0	150,000	165,000	15,000
Total Receipts	535,650	559,724	24,074	454,200	546,121	91,921
DISBURSEMENTS						
Sheriff	388,679	405,244	(16,565)	317,580	402,691	(85,111)
Prosecuting attorney	80,945	85,426	(4,481)	78,785	83,828	(5,043)
Juvenile officer	19,593	15,299	4,294	21,836	13,688	8,148
Coroner	9,240	10,709	(1,469)	9,240	13,198	(3,958)
Fringe benefits	32,900	30,908	1,992	24,965	32,611	(7,646)
Transfers out	0	733	(733)	0	201	(201)
Total Disbursements	531,357	548,319	(16,962)	452,406	546,217	(93,811)
RECEIPTS OVER (UNDER) DISBURSEMENTS	4,293	11,405	7,112	1,794	(96)	(1,890)
CASH, JANUARY 1	443	443	0	539	539	0
CASH, DECEMBER 31	4,736	11,848	7,112	2,333	443	(1,890)
<u>Health Center</u>						
RECEIPTS						
Property taxes	71,210	70,631	(579)	69,638	72,487	2,849
Intergovernmental	146,314	196,111	49,797	111,396	192,743	81,347
Charges for services	13,500	11,923	(1,577)	5,877	7,220	1,343
Interest	1,200	537	(663)	2,500	3,398	898
Other	58,800	36,124	(22,676)	59,875	46,838	(13,037)
Total Receipts	291,024	315,326	24,302	249,286	322,686	73,400
DISBURSEMENTS						
Salaries and fringe benefits	260,000	284,801	(24,801)	149,324	257,682	(108,358)
Office expenditures	7,700	13,747	(6,047)	12,470	19,640	(7,170)
Equipment and supplies	27,712	26,082	1,630	83,025	22,655	60,370
Mileage and training	0	1,577	(1,577)	3,000	2,212	788
Other	2,100	161	1,939	2,000	2,213	(213)
Total Disbursements	297,512	326,368	(28,856)	249,819	304,402	(54,583)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(6,488)	(11,042)	(4,554)	(533)	18,284	18,817
CASH, JANUARY 1	34,790	34,790	0	16,506	16,506	0
CASH, DECEMBER 31	28,302	23,748	(4,554)	15,973	34,790	18,817

Notes to the Financial Statements

DADE COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Dade County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, or the Health Center Board of Trustees. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Law Enforcement Training	2002 and 2001
Prosecuting Attorney Bad Check Fund	2002 and 2001
Prosecuting Attorney Training Fund	2002 and 2001
Prosecuting Attorney Delinquent Tax Fund	2002 and 2001
Recorder User Fees Fund	2002 and 2001
Law Library Fund	2002 and 2001
Circuit Clerk Interest Fund	2002 and 2001
Domestic Violence Fund	2002 and 2001
CDBG Fund	2002 and 2001

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Assessment Fund	2002 and 2001
Law Enforcement Fund	2002 and 2001
Health Center Fund	2002 and 2001
Road and Bridge Fund	2002

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Law Library Fund	2002 and 2001
Circuit Clerk Interest Fund	2002 and 2001
CDBG Fund	2002 and 2001
Health Center Fund	2002 and 2001

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political

subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's and the Health Center Board's deposits at December 31, 2002 and 2001, were entirely covered by federal depositary insurance or by collateral securities held by the county's or board's custodial bank in the county's or board's name.

Supplementary Schedule

Schedule

DADE COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state:				
Department of Health -				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-2128 ERS045-1128	16,074 4,733	24,877
10.559	Summer Food Service Program for Children	ERS146-1128I	114	
10.564	Nutrition Grant	SDA4231004	15,326	20,207
U.S. DEPARTMENT OF DEFENSE				
Passed through state:				
	Paments to States in Lieu of Real Estate Taxes	N/A	30,809	29,286
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state:				
Department of Economic Development -				
14.228	Community Development Block Grants/State's Program	2000PF029	100,428	6,972
U.S. DEPARTMENT OF JUSTICE				
Passed through:				
State Department of Public Safety -				
16.554	National Criminal History Improvement Program	2000-RH-CX-KO24	8,535	
16.579	Byrne Formula Grant Program	2000DDVX0055	39,004	26,695
16.592	Local Law Enforcement Block Grants Program	2000-LBG-022		8,996

Schedule

DADE COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
U. S. DEPARTMENT OF TRANSPORTATION				
	Passed through state:			
	Highway and Transportation Commission -			
20.205	Highway Planning and Construction	BRO-029(4)		284,461
	Department of Public Safety -			
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	N/A	7,540	9,881
FEDERAL EMERGENCY MANAGEMENT AGENCY				
	Passed through state Department of Public Safety:			
83.534	Emergency Management - State and Local Assistance	1412-DR-MO	862,345	
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
	Passed through state:			
	Department of Health -			
93.268	Immunization Grants	PGA064-2128A N/A	430 18,658	16,365
	Department of Health -			
93.575	Child Care and Development Block Grant	PGA067-2128S PGA067-2128C	605 270	310
	Department of Health -			
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	ERS161-30030	1,330	727
93.994	Maternal and Child Health Services Block Grant to the States	ERS146-2128M ERS146-1128M	8,621 622	9,885
	Total Expenditures of Federal Award:		\$ 1,115,444	438,662

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

Notes to the Supplementary Schedule

DADE COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Dade County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Of the amounts for Immunization Grants (CFDA number 93.268), \$18,658 and \$16,365 represent the original acquisition cost of vaccines purchased by the Centers for Disease Control of the U.S. Department of Health and Human Services but distributed to the Health Center through the state Department of Health during the years ended December 31, 2002 and 2001. The remaining amounts for Immunization Grants to the States represent cash disbursements.

2. Subrecipients

Of the federal expenditures presented in the schedule, the county provided \$862,345 to subrecipients under the Emergency Management – State and Local Assistance Program (CFDA number 83.534) during the year ended December 31, 2002.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the County Commission
and
Officeholders of Dade County, Missouri

Compliance

We have audited the compliance of Dade County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2002 and 2001. The county's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Dade County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the years ended December 31, 2002 and 2001.

Internal Control Over Compliance

The management of Dade County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the management of Dade County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Original Signed by Auditor

February 11, 2003

Schedule

DADE COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2002 AND 2001

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? _____ yes X no

Reportable conditions identified that are
not considered to be a material weakness?
reported _____ yes X none

Noncompliance material to the financial statements
noted? _____ yes X no

Federal Awards

Internal control over major program(s):

Material weaknesses identified? _____ yes X no

Reportable conditions identified that are
not considered to be a material weakness?
reported _____ yes X none

Type of auditor's report issued on compliance for
major program: Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Section .510(a) of OMB
Circular A-133? _____ yes X no

Identification of major program(s):

CFDA or
Other Identifying

Number
83.534

Program Title

Emergency Management – State and Local Assistance

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes X no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

DADE COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 2000, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

DADE COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

The prior audit report issued for the two years ended December 31, 2000, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.